

HOUSE
RESEARCH

ORGANIZATION bill analysis

4/24/89

HB 1392
Barton

SUBJECT: AFDC benefits for children of unemployed wage-earners

COMMITTEE: Human Services--favorable, without amendment

VOTE: 6 ayes--Melton, Vowell, Blair, Larry, Waterfield,
VanderVoort

0 nays

1 present, not voting--Barton

2 absent--J. Johnson, Linebarger

WITNESSES: For--None

Against--None

On--Ernest F. Schmid, Texas Department of Human
Services

BACKGROUND: The Human Resources Code sets out various
requirements for a child to be covered by Aid to
Families With Dependent Children (AFDC). One is that
the child has been deprived of parental support because
of the death, continued absence from the home, or
physical or mental incapacity of a parent. Under
current eligibility standards, approximately 95 percent
of AFDC recipients come from single-parent homes, and
the other 5 percent live in homes in which the primary
wage earner is physically or mentally incapacitated.

As part of the federal Family Support Act of 1988, the
U.S. Congress required states to extend AFDC benefits
to the eligible children of unemployed parents.

DIGEST: HB 1392 would, for the purposes of AFDC eligibility
requirements, expand the definition of a dependent
child to include those in homes in which the principal
wage-earner is unemployed.

The bill would take effect on Oct. 1, 1990.

SUPPORTERS
SAY: HB 1392 would enable the Department of Human
Services to comply with the federal mandate to extend
AFDC grants to the children of unemployed parents. One
of the objectives of the legislation at the national
level was to prevent the breakup of families that

current AFDC requirements promote by restricting benefits mainly to children of one-parent families. In Texas, the rise in unemployment rates over the past several years has hit many families hard. Yet unless the primary wage earner moves out of the house, the children in these families do not qualify for the AFDC program. HB 1392 would provide a minimal safety net for these families and allow them to stay intact.

In order to qualify for AFDC under current Texas income requirements, a family's income must be below 25 percent of the federal poverty line. The maximum monthly grant for a three-person household with no income is \$184. The payments are reduced proportionally if any family member receives income. Thus, a family could not collect AFDC under the provisions of this bill if a member other than the primary wage earner brought family income above eligibility levels.

The federal mandate requires AFDC funding to families of unemployed parents for at least six months annually. Funding to cover this minimum period of six months coverage mandated by the federal government has been included in the proposed general appropriations bill. The bill would have only limited impact on the fiscal 1990-91 budget because it would not take effect until Oct. 1, 1990 and would cost only an additional \$18.8 million initially. If the state fails to comply with the congressional mandate to extend these benefits, estimated to average \$47 a month per family, it will fail to qualify for federal AFDC funds, which would virtually eliminate the AFDC program in Texas.

OPPONENTS
SAY:

If the Congress wants to undertake welfare reform, it should do so at its own expense. Extending AFDC benefits to the children of an unemployed primary wage earner is expected to cost the state approximately \$46 million per year by fiscal 1994 just to meet the minimum requirements of the congressional mandate. If the state is going to have to share this cost burden, it should at least have more discretion in how the funds are spent.

NOTES:

SB 1591 by Brooks, the Senate companion, was reported favorably, without amendments, by the Health and Human Services Committee on April 19.